

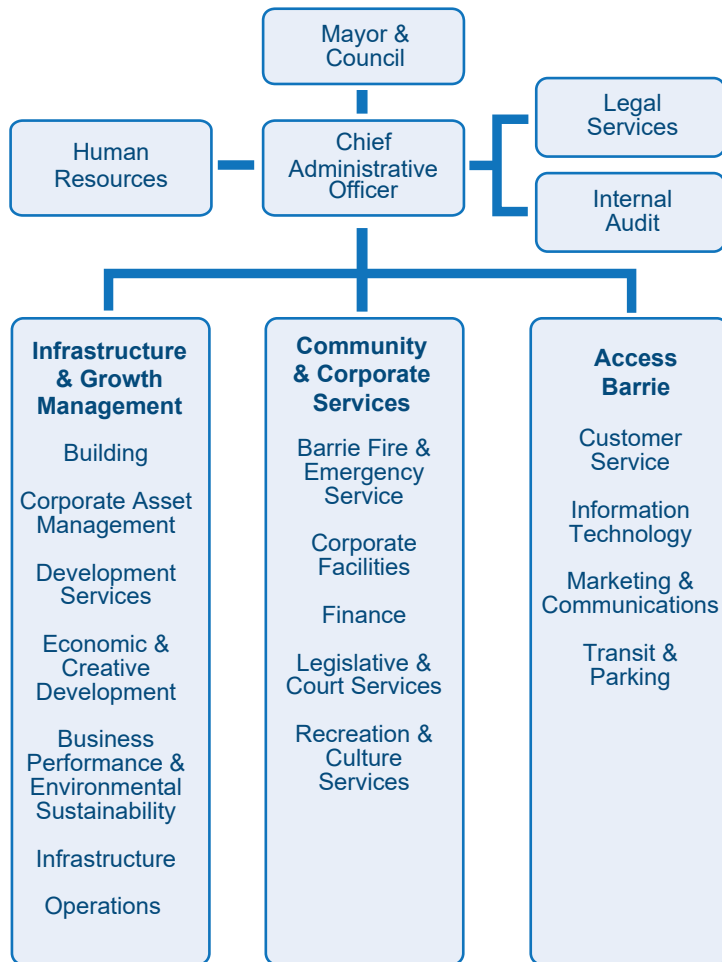
## EXECUTIVE SUMMARY

Like other municipalities, the City of Barrie continues to face aggressive financial pressures from the pandemic. Throughout the year, Council approved measures to provide financial relief to residents, including freezing wastewater rates, introducing a water/wastewater financial assistance program for low-income households and waiving late fees for property tax payments until September 30, 2021. Throughout the 2022 budgeting process, the City pursued opportunities for efficiencies to maintain services with minimal tax increases. The 2022 Business Plan & Budget prepares Barrie to be in the best position to continue to meet the needs of our growing community while protecting our future. The budget also aligns with the focus areas identified in Barrie City Council's Strategic Plan and has a continued focus on implementing Barrie's growth framework and investing in the City's current infrastructure.

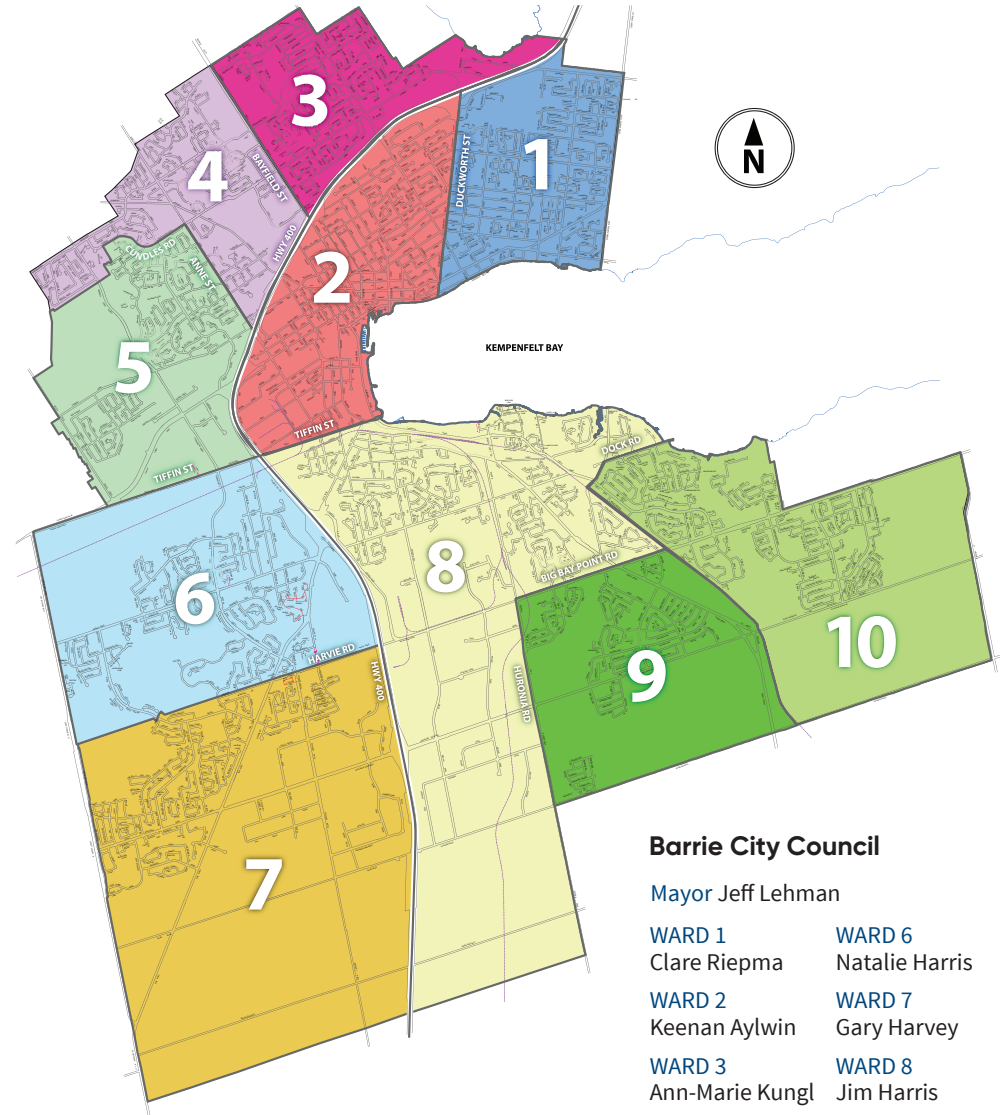


## Organizational Structure

The Executive Management Team is comprised of the Chief Administrative Officer, General Managers of Infrastructure & Growth Management and Community & Corporate Services, Executive Director of Access Barrie, Director of Finance, and the Director of Legal Services. The Executive Management Team’s mission is to build a customer-focused organization that is responsive to the community, where all staff understand and embrace their fundamental role as one of serving the community.



## City of Barrie Ward Map



### Barrie City Council

Mayor Jeff Lehman	
WARD 1 Clare Riepma	WARD 6 Natalie Harris
WARD 2 Keenan Aylwin	WARD 7 Gary Harvey
WARD 3 Ann-Marie Kungl	WARD 8 Jim Harris
WARD 4 Barry Ward	WARD 9 Sergio Morales
WARD 5 Robert Thomson	WARD 10 Mike McCann

# BUSINESS PLAN OVERVIEW

## Introduction

The 2022 Business Plan outlines how the City plans to allocate resources to deliver the programs and services residents and businesses rely on every day. It is developed using a service-based approach that relates labour, materials and other costs to the programs and services they support. Budget changes are driven by increased costs to maintain existing service levels, or increased service levels due to service enhancements or the addition of a new service. To address the City's current financial realities, decisions need to be made that impact services and service levels now and in the future. The City continues to lay the foundation for a financially sustainable plan that addresses the needs of residents and businesses.

## Elements of Barrie's Budget

- **Operating budget (tax-rate)** is for ongoing programs and services that are funded primarily through a combination of property taxes, user fees and reserves and can be delivered by the City of Barrie (i.e. parks) or by one of the City's service partners (i.e. Barrie Police Service).
- **Operating budget (user-rate)** is for ongoing programs and services funded primarily through reserve funds and user fees intended to make the programs and services self-sustaining. The City currently has three user-rate-based operating budgets: water, wastewater and parking.
- **Capital plan** is for projects designed to create, enhance or restore the City's significant network of assets, including infrastructure (roads, bridges, buildings etc.), land, equipment and vehicles. The capital plan is funded from a combination of property taxes, development charges, debt issuance, grants, rates and reserves.

## How the Plan Is Built

The 2022 Business Plan reflects budget directions that were approved by City Council in June 2021. These directions guide the Business Plan & Budget building processes, ensure financial plans are built efficiently to demonstrate a clear relationship between costs and service levels, and recognize that the City faces many pressures through the development process.

This document includes detailed performance plans for each division and department, which set out services provided for each area, major objectives and performance measures, and detailed cost information. This overview focuses on providing Council and the public with an explanation of the major drivers contributing to the recommended 2022 Budget.



## 2018 – 2022 Barrie City Council Strategic Plan

The following list is an overview of key initiatives underway across the Corporation to achieve Council's Strategic Plan. For the 2022 budget process, three Key Performance Indicators (KPIs) per department have been developed to measure the progress of these initiatives. To view the overall progress towards the below priorities, visit [barrie.ca/StrategicPlan](http://barrie.ca/StrategicPlan).



### Growing Our Economy

- Make it easier to do business and help businesses grow
- Provide serviced employment lands for end users
- Support the creation of more stable and diverse jobs
- Support small businesses
- Support tourism industry growth



### Fostering a Safe & Healthy City

- Collaborate to address social issues, especially homelessness and the opioid crisis
- Get more affordable housing built
- Promote recreation opportunities for all ages & abilities
- Build a greener Barrie while mitigating and adapting to climate change
- Promote gender and racial equity



### Building Strong Neighbourhoods

- Create great public spaces
- Build walkable, diverse neighbourhoods that encourage community connections
- Grow responsibly



### Supporting a Vibrant & Safe Downtown

- Engage the BIA and partners to ensure a vibrant, safe, and welcoming downtown
- Revitalize the west end
- Improve and expand public spaces for residents in the City centre



### Offering Innovative & Citizen-Driven Services

- Use technology to deliver services more effectively
- Achieve customer service excellence
- Inspire community participation
- Make tax dollars go further



### Improving the Ability to Get Around

- Increase transportation options, including active transportation modes
- Make connections
- Create safer streets

## Financial Summary

The City faces many pressures in developing a fiscally responsible budget. To understand how these various pressures impact the recommended business plan and budget, City staff have used a “building block” approach considering the costs of maintaining City operations, new investment and service recommendations, service partners, and debt management. The following summarizes the recommended Business Plan and Budget.

Council direction outlined a maximum 2022 tax rate increase of 2.35%, plus the 0.75% levy for Dedicated Infrastructure Renewal Funding. The recommended operating budget will require a 2.55% tax rate increase, plus the 0.75% levy for the Dedicated Infrastructure Renewal Funding, which will result in an increase of \$148 to the property tax bill for a typical home. The following are major drivers of the tax rate increase:

- The net cost to maintain City services increased by \$5.6 million resulting in a 1.93% increase to the tax levy. The increase is partially attributable to labour, contracted services for Transit and other areas, and user fee revenues that remain well below pre-pandemic norms for Transit, Recreation, and other departments.
- New tax rate debt financing costs totaling \$1.3 million are required in 2022 to fund the City’s Capital plan, including projects such as the Tiffin Street ROW Expansion – Hwy 400 Underpass and Dunlop Street East Corridor Improvements. These new debt servicing costs have an impact of 0.46% on the tax levy.
- New investments and service recommendations amount to \$1.5 million. Some of these costs are recovered from capital projects, user rate budgets and reserves. The overall net impact to the tax levy is \$894 thousand or 0.31%.
- Service Partners proposed budget increased by \$3.2 million or 1.10% of the tax levy increase. Based on available information at the time of the binder production, the County of Simcoe has an increase of \$1.2 million, Police Services Board \$1.7 million, and the Library Services Board \$298 thousand.

- The 2022 proposed budget includes a 0.75% Dedicated Infrastructure Renewal Funding contribution of \$2.2 million. This is a reduction from the historical 1% contribution per the direction of Council during the 2021 Business Plan approval. Aligned with the recommendations in the long-range financial plan in future years the contribution will need to return to 1% and higher levels to support the renewal needs of the City’s over \$5 billion of infrastructure assets.

The proposed user rate budget for water will require an annualized 2.40% rate increase resulting in an increase of \$8.75 to the water bill for a typical home, which is aligned with the approved Water and Wastewater Financial Plan.

The proposed user rate budget for wastewater will require an annualized 3.03% rate increase resulting in an increase of \$15.61 to the water bill for a typical home, which is aligned with the approved Water and Wastewater Financial Plan.

Descriptions	Tax Levy Increase/(Decrease)	Tax Rate Impact
Maintain service levels for current City operations	\$ 5,562,891	1.93%
Debt Management	\$ 1,332,255	0.46%
New Investments & Service Recommendations	\$ 894,112	0.31%
Service Partners	\$ 3,174,884	1.10%
Estimated Assessment Growth	\$ (3,600,000)	-1.25%
<b>CITY &amp; SERVICE PARTNER OPERATIONS</b>	<b>\$ 7,364,143</b>	<b>2.55%</b>
<b>Dedicated Infrastructure Renewal Fund</b>	<b>\$ 2,165,625</b>	<b>0.75%</b>
<b>TOTAL</b>	<b>\$ 9,529,768</b>	<b>3.30%</b>

## CAPITAL PLAN

In order to deliver more than 60 municipal services, the City acquires, operates, maintains and renews assets including roads, sidewalks, sewer and water systems, buses, libraries and recreation facilities. These assets allow the City to deliver services like transportation and transit, clean drinking water, sewage and garbage collection, recreational activities and more. In total, it would cost over \$5 billion to replace the assets owned by the City.

To ensure that the City manages its existing and future assets responsibly and is able to financially support future development, the application of leading asset management practices was a foundational element in the preparation of the 2022-2031 Capital Plan. The City uses a risk-based approach to capital planning that prioritizes and balances the City's needs in a sustainable manner. The need to maintain, renew, rehabilitate and replace existing aging assets, particularly roads, facilities, sanitary/storm water drainage systems, fleet, and water supply treatment systems is ongoing, while the City must also build and acquire new infrastructure to service development.

Decisions about which projects to include in the capital plan were based on overall risk and criticality of each project, the City's financial condition and the resources that are available to complete the work.

The first five years of the 2022 capital plan are higher than the 2021 plan due to some large planned projects entering the construction phase in 2026. Proposed capital spending in the outer five years (2027-2031) is relatively equal to the first five years of the 2022 plan. This helps to plan and balance funding needs, and the human resources required to deliver the plan. In the outer five years, gross costs have remained relatively similar, if not slightly lower, than compared

to the 2021 plan. A number of large projects contribute to the affordability challenges in those years.

With the goals of cost and schedule certainty, the last couple of years have seen detailed review and refinement of the capital plan. A number of project deferrals have resulted from this work, to address financial and resourcing challenges. The constructions phase of Fisher Auditorium Redevelopment has been delayed by one year to start in 2025, along with the construction of Hewitt's Community Centre and Library, also deferred beginning in 2024 and 2025 respectively to address timing of growth as well as capital plan funding constraints. The needs associated with the deferred projects still exist, and there is a need to continue to build healthy reserves to address these needs in the future. The City can expect to incur some additional risks and reduced service levels as a result of these deferrals. Some of the deferred projects are intended to replace aging and deteriorated infrastructure, and therefore it is likely that unplanned service interruptions and repairs such as water main breaks, will increase and put more pressure on the City's operating budgets. The City continues to work with developers to align the timing of road widening and servicing projects in the Secondary Plan Areas. In many of these locations, the roads are rural cross section and already in poor condition. Deferral of reconstruction to align with the pace of growth will mean the pavement continues to deteriorate, and the lack of sidewalks and streetlights will persist. In some locations, such as Essa Road (south of Mapleview), a holding strategy was brought forward to account for the deferral of the larger construction project.

The following is a high-level overview of previously approved and new requests associated with the 2022 to 2026 Capital Plan projects:

2022 - 2026 Capital Budget	2022	2023	2024	2025	2026	Grand Total
Previously Approved (Committed)	\$ 80,880,551	\$ 44,825,861	\$ 12,788,177	\$ 2,500,000	\$ -	\$ 140,994,589
New Capital Requests	\$ 74,789,989	\$ 66,819,894	\$ 39,297,413	\$ 12,212,269	\$ 7,969,499	\$ 201,089,064
New Investment and Service Recommendations (for Operating Budget requests)	\$ 331,800	\$ -	\$ -	\$ -	\$ -	\$ 331,800
<b>Total 2021 Capital Budget</b>	<b>\$ 156,002,340</b>	<b>\$ 111,645,755</b>	<b>\$ 52,085,590</b>	<b>\$ 14,712,269</b>	<b>\$ 7,969,499</b>	<b>\$ 342,415,453</b>
Forecast	\$ -	\$ 105,097,775	\$ 179,394,180	\$ 252,384,321	\$ 288,057,129	\$ 824,933,405
<b>Grand Total 2021-2025 Capital Budget</b>	<b>\$ 156,002,340</b>	<b>\$ 216,743,530</b>	<b>\$ 231,479,770</b>	<b>\$ 267,096,590</b>	<b>\$ 296,026,628</b>	<b>\$ 1,167,348,858</b>

\*Numbers in the table may not add to total due to rounding.

The 2022 Capital Plan presents financial challenges unique to municipalities preparing for rapid growth, specifically, the need to install and pay for the infrastructure required to support growth before the development charge revenue associated with growth is realized. The City's reserves are expected to be in a deficit balance of \$10 million on a consolidated basis going into 2022, with significant overcommitment in the development charge reserves where commitments pertain to growth related infrastructure funded from development charges. The result of this overcommitment is the need for the City to cashflow projects by budgeting an additional \$95 million of development funded debentures over the next few years. The 2022 capital plan relies on maintaining a robust balance in other reserves to mitigate the City's financial risk.

Some of the key projects included in the capital plan are listed below:

Capital Plan Key Projects	2022 Phase
Wastewater Treatment Facility upgrades and capacity expansion	Study Pre-Design Design Construction
NRP – HNS Queens Park A1 Neighbourhood Reconstruction	Construction
Bayfield Street Right of Way Expansion - Cundles to Grove (aligned with MTO interchange work)	Environmental Assessment Pre-Design Study
Road Resurfacing Program	Construction
Operations Centre Master Plan – Implementation	Design Construction
Various Creek and Watercourse Improvements/Upgrades	Design Property Utility Relocation Construction
Storm pond upgrades	Design Construction

In an effort to ensure the City is able to look after what we own, the contributions to reserves that support asset replacement are compared with the annual amortization cost based on replacement value, using an average inflationary rate of the Consumer Price Index. The following chart shows the estimated amortization expenses for all existing infrastructure in 2021 based on historical costs for the City of \$60.5 million. The transfer to the tax, water, wastewater and parking capital reserves in 2021 was \$60.7 million which is at par with the amortization expense. However, amortization expense based on historical values are significantly lower than replacement cost. The replacement value of the non-growth existing infrastructure yields an annual amount of \$128.1 million, resulting in an annual shortfall of over \$67.4 million.

